

**BILL #** SB 1327

**TITLE:** developmental disabilities; service providers

**SPONSOR:** Johnson

**STATUS:** As Introduced

**PREPARED BY:** Russell Frandsen

## **FISCAL ANALYSIS**

SB 1327 would modify the funding for state-only services to developmentally disabled (DD) clients and the appeal rights of DD providers. The bill would add a statutory provision to require an automatic inflationary increase to state-only home and community based services (HCBS) equivalent to inflationary changes in the Arizona Long Term Care System's (ALTCs) HCBS. The bill would also add statutory language to provide certain appeal rights to DD providers for relocating at-risk clients.

### **Estimated Impact**

The estimated General Fund impact from the automatic inflationary increase is \$2.1 million in FY 2007 and gradually will increase with inflation in future years. The fiscal impact of hearing appeal cases cannot be determined as it is unknown how many providers will use the increased appeal rights.

DES has not yet provided a cost estimate of this bill.

### **Analysis**

#### Automatic Inflationary Increase

Currently, inflationary increases in state-only HCBS for DD clients require specific legislative appropriations. SB 1327 would create automatic state-only HCBS increases equal to the inflationary increases in ALTCs HCBS. ALTCs HCBS has had an average annual inflation growth of 6.4% in the past 7 fiscal years. Applying this 6.4% average growth to the \$32,896,300 FY 2007 JLBC Baseline for state-only home and community based services yields a cost of \$2,114,800. Costs would gradually increase with inflation in future years.

#### Provider Appeal Rights

The bill establishes appeal rights for providers to remove clients from any contract program if there is a change in client behavior that results in a threat to client safety. DES must approve the provider's request to remove the client; however, the provider could appeal the decision administratively if DES refused the removal of the client. Appeals would first go through DES and then, if needed, go through the Office of Administrative Hearings (OAH).

It cannot be determined how many providers will exercise their appeal rights to remove clients. The number of providers appealing to remove clients could be influenced by the interpretation of the various criteria in the bill. SB 1327 centers on clients at-risk to cause harm to self or others and has 4 categories for potential appeals of removal: abuse, neglect, mistreatment, and the client inflicting abuse on others. If the appeal rate to OAH matched the 0.4% appeal rate of AHCCCS Title XIX clients, the costs from the bill would be approximately \$15,000 GF for 94 cases in FY 2007. The amount was based on the July to December 2005 Arizona Health Care Cost Containment System Title XIX average appeal costs of \$238.41 per case. This dollar amount represents the average cost of OAH to process a Title XIX appeal. For Title XIX cases, the case cost would be split evenly between the General Fund and Title XIX monies and the state-only cases would be paid for entirely by the General Fund. The overall case costs assumed that the appeal rates among state-only and Title XIX clients would be equivalent to their representation amongst total clients.

SB 1327 includes a requirement for DES to respond within 15 days of receiving notification from providers of their intent to remove a client. If the removal request is denied, then DES must respond to the provider in writing of its reasons for refusal. Depending on the number of providers submitting appeals and the amount of verification work needed to substantiate or refuse a request, this could create additional administrative costs for DES. DES has not provided information on what these costs may be.

If a client was approved for removal, then the state would need to find new services for the client. In a case where no providers would accept the client, the cost to the state may be higher or lower if the client must be placed in state-run facilities. No fiscal impact from changes in settings has been included.

**Local Government Impact**

None

2/14/06